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#### SIPDIS

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SUBJECT: SEOUL - PRESS BULLETIN; March 12, 2009

## TOP HEADLINES

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Chosun Ilbo, All TVs First Public Appearance after 19 Years of Seclusion... Former North Korean Spy Reaffirms Her Bombing of KAL Plane in 1987

JoongAng Ilbo
Are "March Crisis" Rumors on Their Way Out?
ROK's Currency Surges to 1,471 Won vs. Dollar;
Stocks Rise 3.23 Percent

Dong-a Ilbo
Ruling GNP Seeks to Exempt Young Koreans Working
at Overseas Construction Sites from Military Service

Hankook Ilbo Six Months after Lehman Brothers' Bankruptcy, Wall Street Gripped by

Tension and Impatience; Only Consolation is That There are Discussions on When the Stock Market will Bottom Out

Hankyoreh Shinmun

Education Ministry Sides with Korea Council for University Education's Move to Incapacitate "Three Nos" Policy, which Bans Universities from Administering Own Entrance Exams, Grading High Schools for Admission and Accepting Students in Exchange for Donations

Segye Ilbo

Hongik University, the ROK's Top Art School, to Scrap All Practical Entrance Tests Beginning in 2013

Seoul Shinmun

U.S. National Intelligence Director: "N. Korea Plans to Launch Space- Launch Vehicle"

# DOMESTIC DEVELOPMENTS

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"KORUS FTA: Korea's 'One-sided Love:'" Referring to USTR-nominee Ron Kirk's recent remarks that the KORUS FTA is not acceptable in its

current form, Chosun Ilbo carried a front-page report saying that the Blue House, the ROKG and the ruling party are downplaying the remarks by arguing that they do not represent the official position of the USG. U.S. congressional officials have said since last April, however, when the U.S. Congress refused to promptly approve the U.S.-Columbia FTA, that the KORUS FTA is a non-starter.

Trade Minister Kim Jong-hoon was quoted as telling a radio program yesterday: "Our stance has not changed. There will be no renegotiations or additional negotiations on the KORUS FTA." (Hankyoreh, Segye, Seoul, all TVs)

The launching ceremony and orientation for the ROK-U.S. WEST (Work, English Study and Travel) program was held at the Foreign Ministry yesterday. U.S. Ambassador to the ROK Kathleen Stephens was quoted as saying (to participating students): "Get out of your comfort zone," adding: "Have fun! Remember, this is about something that goes beyond the classroom and the workplace into an experience that you will take with you for the rest of your life." (Dong-a, Seoul)

#### INTERNATIONAL NEWS

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U.S. National Intelligence Director Dennis Blair said in a March 10 Senate Armed Services Committee hearing that North Korea is planning "a space launch," contradicting the ROK's position that the North is preparing a long-range missile test. He is the first U.S. official to comment specifically on the nature of the launch Pyongyang is

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planning. (All)

An ROK expert was quoted as commenting: "Given that the Obama Administration has yet to decide on its North Korea policy, Mr. Blair might have made the remarks in order to prevent the situation from deteriorating further." (JoongAng)

North Korea's Foreign Ministry said yesterday that the new U.S. Administration's string of words and deeds fall little short of infringing on the sovereignty of North Korea. This is the North's first public criticism of the U.S. since the launch of the Obama Administration. (Chosun, Dong-a, Seoul)

Kim Hyun-hee, a former North Korean spy involved in the 1987 bombing of an ROK civilian jetliner, met yesterday with the brother and son of a Japanese woman allegedly kidnapped by North Korea. In a news conference after the meeting, she reaffirmed that the bombing of Korean Air Flight 858 was a terrorist act by North Korea and that she "is not a fake figure," dismissing a persistent conspiracy theory that the incident might have been planned by Seoul's then military-backed government. (All)

#### MEDIA ANALYSIS

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## -North Korea

The ROK media gave prominent play to U.S. National Intelligence Director Dennis Blair's remarks during a March 10 Senate Armed Services Committee hearing, remarks that purportedly contradict the ROK's position that North Korea is preparing a long-range missile test. The top U.S. intelligence official was widely quoted as saying: "I tend to believe that the North Koreans announced that they are going to do a space launch and I believe that that's what they intend." The ROK media noted that he is the first U.S. official to comment specifically on the nature of the launch Pyongyang is planning. JoongAng Ilbo quoted an ROK expert as analyzing: "Given that the Obama Administration has yet to decide on its North Korea policy, Mr. Blair might have made the remarks in order to prevent the situation from deteriorating further."

JoongAng also noted the warning Director of the Defense Intelligence Agency Lieutenant General Michael Maples made at the same hearing --Pyongyang might conduct missile tests or nuclear tests if the

Six-Party Talks framework collapses. Seoul Shinmun editorialized: "Blair's remarks are in stark contrast to comments from senior diplomats from both countries. Special Representative for North Korea Policy Stephen Bosworth agreed during talks earlier this week with Foreign Minister Yu Myung-hwan that whether what North Korea plans to launch is a satellite or a long-range missile, it is still a violation of U.N. Resolution 1718. Furthermore, Blair's remarks can be interpreted to mean that if the North launches a satellite, the U.S. may not intercept it. We are concerned that North Korea might be misguided to think that it can go ahead with a launch. "

Chosun Ilbo and Dong-a Ilbo gave attention to yesterday's statement by North Korea's Foreign Ministry expressing dissatisfaction with the Obama Administration. A North Korean Foreign Ministry spokesman was quoted as saying: "The new U.S. administration is letting loose a whole string of words and deeds little short of infringing on the sovereignty of North Korea. North Korea, exposed to the potential threat of the U.S. and its allied forces, will take every necessary measure to protect its sovereignty." The newspapers noted that this statement is the North's first on the U.S. since the launch of the Obama Administration and that it appears to be related to Secretary of State Hillary Clinton's remarks during her Asia trip last month on insecurity surrounding the succession to North Korean leader Kim Jong-il.

Yesterday's meeting between Kim Hyun-hee, a former North Korean spy involved in the 1987 bombing of an ROK civilian jetliner, and the brother and son of a Japanese woman allegedly kidnapped by North Korea received wide play. The former North Korean spy was widely

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quoted as reaffirming in a news conference that the bombing of Korean Air Flight 858 was a terrorist act by North Korea and that she "is not a fake figure," dismissing a persistent conspiracy theory that the incident might have been planned by Seoul's then military-backed government. JoongAng Ilbo observed that yesterday's occasion was arranged by the governments of the ROK and Japan and that the encounter could help the Japanese government apply more pressure on Pyongyang to release more information on the abductees. Dong-a Ilbo commented that this event shows the Lee Myung-bak Administration's resolve not to cater to North Korea when it comes to humanitarian issues.

# -KORUS FTA

Carrying the headline, "KORUS FTA: Korea's 'One-sided Love,'" Chosun Ilbo ran a front-page report regarding USTR-nominee Ron Kirk's recent remarks that the KORUS FTA is not acceptable in its current form. Chosun observed that the Blue House, the ROKG and the ruling party are downplaying the remarks by arguing that they do not represent the official position of the USG, but U.S. congressional officials have said since last April, when the U.S. Congress refused to promptly approve the U.S.-Columbia FTA, that the KORUS FTA is a non-starter. Chosun went on to say that this self-consolation by the ROK will not change the position of the Obama Administration that has been cold toward the KORUS FTA.

Most of the ROK media carried a quote from Trade Minister Kim Jong-hoon, who told a radio program yesterday: "Our stance has not changed. There will be no renegotiations or additional negotiations on the KORUS FTA."

### OPINIONS/EDITORIALS

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U.S. REMARKS ON 'NORTH KOREAN MISSILE' ARE CONFUSING (Seoul Shinmun, March 12, 2009, Page 31)

U.S. National Intelligence Director Blair said in a March 10 Senate Armed Services Committee hearing that North Korea is planning a space launch. He is the first U.S. official to comment on the nature of the launch Pyongyang was planning. Confusingly, this remark is inconsistent with earlier U.S warnings that North Korea should not launch a rocket whether it is an artificial satellite or

a long-range missile.

Special Representative for North Korea Policy Stephen Bosworth, during talks with Minister of Foreign Affairs and Trade Yu Myung-hwan earlier this week, shared the view that whether the North launches a long-range missile or an artificial satellite, that launch would violate U.N. (Security Council) Resolution 1718. Minister Yu also reaffirmed yesterday that any rocket launch by North Korea would breach the U.N.(S.C.) Resolution. Defense Minister Lee Sang-hee said in the National Assembly that even though North Korea insists that it is planning to launch a satellite, the ROKG considers it is preparing to launch a missile. Director Blair's remark is in stark contrast to comments from both countries' senior diplomatic officials.

The U.S. announced that it would intercept any rocket flying from North Korea and North Korea vowed to retaliate immediately. It is hard to identify whether it is a missile or a space launch vehicle at this time. However, Blair's remark may be interpreted to mean that if the North launches a satellite, the U.S. may not seek to shoot it down. The ROK is concerned that North Korea may be misguided to think that it can go ahead with a launch.

U.S. officials should make consistent remarks which will not lead to any confusion. If U.S. authorities say different things to different people and officials from both countries reveal discrepancies in their positions, North Korea will try to take advantage of this. As tensions rise across the Korean Peninsula, the ROK and the U.S should strengthen further their cooperation.

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### FEATURES

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U.S. NATIONAL INTELLIGENCE DIRECTOR: "N. KOREA PLANS TO LAUNCH SPACE LAUNCH VEHICLE"
(JoongAng Ilbo, March 12, 2009, Page 3)

By Washington correspondent  $\operatorname{Kim}$  Jung-uk and reporter Chae Byung-geon

U.S. National Intelligence Director Dennis Blair said in a March 10 Senate Armed Services Committee hearing that North Korea is planning a space launch. His remark came when all are turning their attention to what North Korea will launch. Thus, some observers say that the U.S.' apparent acknowledgement of the North Korean assertion (that it is planning to launch a satellite) shows that the ROK and the U.S. are somewhat different in their positions. The ROKG has maintained that whether North Korea launches a missile or a satellite, it would pose a threat in itself. The ROK did not need to discuss the possibility that the North may launch a satellite because it would only benefit North Korea. Last month, the National Intelligence Service and the Defense Ministry said that the ROK considers North Korea is preparing to launch a long-range missile.

Some people interpret Blair's remark to mean that if North Korea is planning to launch a satellite, there is less justification for the U.S. to shoot it down. Dr. Cha Du-hyun at the Korea Institute for Defense Analysis (KIDA) said, "Since the Obama Administration has not yet decided what carrot and stick to use for North Korea, Blair's remark might be intended to prevent the situation from deteriorating further." He noted that the U.S. will not employ an ultra hard-line stance on North Korea for the time being.

North Korea may push for a nuclear test if the Six-Party Talks are derailed.

Meanwhile, Defense Intelligence Agency Director Lieutenant General Michael Maples said in a report submitted to the same hearing, "If the Six-Party Talks are derailed, North Korea may resume production of nuclear materials at Yongbyon's nuclear facilities and ratchet up criticism in order to make the other Six-Party countries succumb to its demands. This scenario may involve an additional missile launch or a nuclear test by North Korea. (As if on cue,) on March 11,

North Korea's Foreign Ministry railed against the joint U.S.-ROK military exercise Key Resolve and made a menacing announcement that it will take 'all necessary measures to protect its sovereignty.'

"IT IS AN EXPERIENCE WE CANNOT GAIN UNLESS WE ARE IN OUR 20S... I WILL LEARN A LOT" (Dong-a Ilbo, March 12, 2009, Page 11)

By Reporter Kim Young-sik

The WEST Program Is Launched with the First Group of Students Set for Departure.

"It is an experience we cannot gain unless we are in our twenties. In a place where there is no one I know, I will try to get over difficulties on my own."

Chung Jae-hoon (25, a junior majoring in journalism at Korea University), who attended the launching ceremony of the WEST (Work, English Study and Travel) Program, made the statement on March 11, adding, "I will experience a new life and learn about the U.S."

Ahead of their departure for the U.S. next month, 190 participants attended the launching ceremony and orientation at the Ministry of Foreign Affairs and Trade on this day to be briefed on visa issuance, a life in the U.S. and U.S. corporate culture.

Under this pilot program, participants are allowed to stay in the SEOUL  $00000386 \ 005 \ OF \ 006$ 

U.S. for up to 18 months while studying English (5 months), working as interns (12 months), and travelling in the U.S. (1 month).

Foreign Minister Yu Myung-hwan said during his speech of encouragement, "I hope you remember that from the moment that you leave the ROK, you are the ROK's civilian diplomats."

U.S. Ambassador to the ROK Kathleen Stephens stressed, "Go there, do not be afraid, and stay outside your comfort zone," adding, "This is about something that goes beyond the classroom and the workplace into an experience that you will take with you for the rest of your life. So please have fun and travel."

Disabled Kim Ye-sol (21, a junior majoring in art at Seoul National University) said, "As a person in a wheelchair, I will observe how favorable the environment in U.S. companies is for the disabled."

The launching ceremony was attended by representatives of U.S. sponsors and ROK and U.S. officials, including Park Jin, Chairman of the National Assembly Committee for Diplomacy, Trade and Unification, Lee Sang-deuk and Hong Jung-wook, both lawmakers from the Grand National Party, Rep. Moon Kook-hyun from the Democratic Party, and Stanley Colvin, U.S. Deputy Assistant Secretary of State for Educational and Cultural Affairs.

KORUS FTA: KOREA'S ONE-SIDED LOVE (Chosun Ilbo, March 12, 2009, Page 1, 6)

By Reporter Joo Yong-joong

As USTR Nominee Ron Kirk said at his Congressional confirmation hearing on March 10, "In the case of Korea, the current status quo simply isn't acceptable." The brakes have been put on the procedures for ratifying the ROK-U.S. Free Trade Agreement (FTA).

Officials at the Blue House, the government and the ruling Grand National Party cautioned against reading too much into Kirk's remark, saying, "It is not that the USG has clarified its official position," or "It does not mean asking for full-fledged renegotiations," but, self-consolation like this cannot change the position of the Obama Administration, which is lukewarm to the ROK-U.S. FTA.

Regarding the procedures for ratifying the ROK-U.S. FTA, a warning light has been on since a long time ago. Nevertheless, the ROKG and

the ruling party have pushed for the ratification under self-hypnosis, "We can do it," but this time they finally hit the stop sign.

After the U.S. House of Representatives refused to fast-track the U.S.-Columbia FTA last April, U.S. Congressional officials started to forecast, "all is over for the ROK-U.S. FTA." At that time, the U.S. Democratic Presidential nomination campaign was heating up. The ground for arguing that it will be difficult to ratify the ROK-U.S. FTA was simple, according to U.S. Congressional officials: both Democratic presidential front-runners Obama and Clinton are negative about the ROK-U.S. FTA. The majority Democratic Party is originally passive about free trade threatening jobs. Furthermore, House Speaker Nancy Pelosi is particularly hard-line about FTAs. In the U.S.'s current political atmosphere, there is no possibility that the ROK-U.S. FTA may be ratified by Congress.

However, at that time, the ROK Embassy in the U.S. optimistically said, "The U.S. Congress will ratify the trade deal by June or August." ROK ruling party and government officials visiting Washington all painted a rosy picture. They argued, "The ROK-U.S. FTA is not determined by simple trade logic. The U.S. values its alliance with the ROK, and even if a Democratic administration is launched, it would not be able to kick out the hard-won FTA."

The ROK Embassy in the U.S. even asked the home country for a budget for lobbying Congress. Although the Prime Minister's office was negative about allocating the budget, the Blue House directly came forward and helped the Embassy secure the budget.

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When Congress did not ratify the deal by the initially set deadline July or August, ROK trade officials presented a new scenario where the ROK-U.S. FTA would be ratified during the lame-duck session of Congress in December (between the Presidential election in November and the launch of a new administration in January). The ground for that scenario was, "Since the Bush Administration wants to leave a legacy by passing the FTA, and the new administration wants the previous administration to resolve the FTA issue before the term of the new administration starts, the interests of both sides tally with each other."

However, when the winter started to settle in Washington, the ROK Embassy in the U.S. was no longer able to deny the reality in Congress. During the October inspection of state administration conducted by the National Assembly Committee for Diplomacy, Trade and Unification in Washington, the ROK Embassy said, "Congressional efforts to ratify the deal will begin in earnest from 2010." In other words, it admitted that there was no possibility of the FTA being ratified during the Bush Administration." Upon this news, President Lee Myung-bak reportedly got quite angry, saying, "They even made the budget request. How could they give such an irresponsible answer?" Unlike in Washington, there were still some expectations of the FTA in Seoul. In this context, Grand National Party members of the National Assembly Committee for Diplomacy, Trade and Unification pushed to submit the FTA bill for ratification last December at the risk of crippling the operation of the National Assembly session.

We cannot say, of course, that USTR Nominee Kirk's statement completely torpedoes possibility of the KORUS FTA's ratification. ROKG officials said that, since it is too burdensome for the Obama Administration to go back to the starting point on this issue, the U.S. will try to have "additional talks" under better conditions by apparently pressuring the ROK to accept "full-fledged renegotiations." This explanation is reasonable. However, it is difficult to deny the fact that there is a big difference between the optimistic view by ruling party, Blue House and government officials and the current atmosphere in the U.S. Congress.

Why have the ROK government and ruling party been obsessed with the FTA based on such inaccurate information about the atmosphere in the Congress? Those in Washington who heard different stories about the FTA from U.S. and ROK officials say, "It seemed that ROKG officials only clung to hopeful messages from Bush Administration officials."

In other words, even when the Democratic Party was at the helm of Congress, and furthermore, the possibility of the Democratic Party winning the Presidential election was growing, ROK officials only kept their ears open to the Republican Party, which clinched the FTA and therefore, cannot help but have a lingering attachment to the pact.

Then, what was the reason? A person who sat next to then-Presidential candidate Lee at a forum held during the Roh Moo-hyun Administration gives a hint. According to him, Lee said at that time, "The greatest thing that the Roh Moo-hyun Administration did over the past five years was the signing of the ROK-U.S. FTA." In fact, after his inauguration, President Lee also tried to find the momentum for fulfilling his campaign promise "economic revival" in the ROK-U.S. FTA. Since government agencies in charge of trade policy, the ROK Embassy in the U.S., and ruling party officials had to live up to President Lee's expectations, they may have hypnotized themselves into thinking, "The ROK-U.S. FTA must go well."

STEPHENS